

1100 CORPORATE CENTER DRIVE, SUITE 203
MONTEREY PARK, CA 91754
TEL (323) 980-1221
FAX (323) 980-1236
WEBSITE: www.boe.ca.gov/members/jchu



400 CAPITOL MALL, SUITE 2540
SACRAMENTO, CA 95814
TEL (916) 445-4154
FAX (916) 323-2869
E-MAIL: judy.chu@boe.ca.gov

JUDY CHU, Ph.D.
CHAIR
CALIFORNIA STATE BOARD OF EQUALIZATION

June 11, 2008

Orange County Register
Attn: Ken Brusie
625 N. Grand Ave.
Santa Ana, CA 92701

Dear Editor:

I would like to set the record straight with regard to your article "State agency solve the budget deficit by raising taxes?" of June 5, 2008, regarding extending the sales tax to certain services.

I have always believed that the jurisdiction for such an action rests with the legislature, not with the Board of Equalization. In fact, I sent a letter to legislative leaders dated April 21, 2008, which included the following statements:

"As you and your colleagues in the Legislature evaluate revenue raising options in the coming months, I urge you to consider extending California's sales and use tax base to certain services... Upon receiving statutory authorization, the Board of Equalization is capable of administering an extension of the sales tax to a variety of services immediately..."

In issuing my letter to the legislature, my goal was to start a public dialogue on the budget priorities of this state, and the need for tax reform. The sales tax system of California was formulated in 1933, and hasn't been updated in 75 years. Our economy has shifted dramatically in that time period from a manufacturing economy to a service economy. In this public dialogue, I believe we should consider many possibilities, including lowering the sales tax rate while broadening the services covered.

In the future, please call me to clarify my position. I would have been happy to tell you about my views regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Judy Chu".

Judy Chu
Chair, California State Board of Equalization

